Losses to KVI

†1648. SHRIMATI KUM KUM RAI: Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether Khadi and Village Industry are running at a loss;

(b) if so, the reasons therefor; and

(c) the measures taken to prevent this loss?

THE MINISTER OF AGRO AND RURAL INDUSTRIES (SHRI MAHAVIR PRASAD): (a) to (c) The information in respect of profit/ loss making khadi and village industry (KVI) units is not maintained centrally. However, some KVI units/ institutions do suffer losses. The reasons for such losses include use of obsolete technology, inconsistent quality of products, lack of designs in keeping with market demand, lack of entrepreneurial and managerial skills, etc.

In order to help the KVI units/ institutions improve their viability on a sustainalble basis, incentives like product quality testing at subsidized rates, financial assistance for participation in exhibitions at the national and sub-national levels, assistance for creation of packaging and design facilities, assistance for marketing, brand building, publicity etc. , are provided by the Government through Khadi and Village Industries Commission (KVIC).

Bank loans under REGP

1649. SHRI MATILAL SARKAR: Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether it is a fact that many of the village artisans cannot set up village industries by bank-loans under REGP schemes, because they cannot provide security required for that loan;

(b) whether it is also a fact that the real spirit of Khadi schemes is lost to a great extent for this reason;

(c) whether Government propose to introduce the system of grants in creating entrepreneurship in village industries;

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†Original notice of the question was received in Hindi.

(d) if so, the time-frame thereof; and

(e) if not, the alternative thereof?

THE MINISTER OF AGRO AND RURAL INDUSTRIES (SHRI MAHAVIR PRASAD): (a) As per Reserve Bank of India's (RBI) instructions to the banks, collateral security is not required to be furnished by eligible entrepreneurs for securing loan of upto Rs. 5 lakh for setting up small scale, including village industry (VI), units under the Rural Employment Generation Programme (REGP). The Credit Guarantee Trust for Small Industries (CGTSI) has also advised its member lending institutions to cover loans of upto Rs. 25 lakh extended to VI units under REGP under CGTSI's credit guarantee so that small entrepreneurs, including village artisans, do not face problems relating to collateral security.

(b) Khadi units are not eligible for assistance under the REGP.

(c) The REGP, a credit-linked subsidy programme implemented through the Khadi and Village Industries Commission (KVIC), assists eligible entrepreneurs in setting up labour-intensive industries in the rural areas and small towns with populations up to 20,000. Under this programme, entrepreneurs can establish village industries by availing of margin money assistance (Government grants) from the KVIC and loans from any public sector scheduled commercial bank, for projects with a maximum cost of Rs. 25 lakh. Under the REGP, 2,09,705 projects have been financed since its commencement, generating 28. 06 lakh additional employment upto 31 March, 2005 and a sum of Rs 1372 crore has been released as margin money assistance to entrepreneurs.

(d) and (e) Do not arise.

Loans lying with State KVIBs

1650. SHRI MATILAL SARKAR: Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state

(a) the total amount of loans lying with the State Khadi and Village industries Boards from the Central Khadi and Village Industries Commission, State-wise;

(b) the names of the projects that benefit the rural people where financial